



February 21, 2023

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
30 E. Broad Street, 2nd Floor
Columbus, Ohio 43215

Dear Ms. Rhodes:

In accordance with Ohio Revised Code Section 5505.111, I am providing this report on the internal audit activities of Highway Patrol Retirement System (HPRS) during 2022. Once again, HPRS retained the Summit County Internal Audit Department (IAD) to perform internal audit services in 2022. IAD's reports were presented to the HPRS Audit Committee and the HPRS Board on December 15, 2022.

In addition to the internal audit, Rea & Associates, the independent auditing firm selected by the Auditor of State, performed a financial audit of HPRS. On June 16, 2022, Rea & Associates presented its audit report to the Audit Committee, giving HPRS an unmodified opinion. The report noted no deficiencies in HPRS' internal controls.

The HPRS Audit Committee met on the following dates in 2022 and took the following actions:

- April 21, 2022: The committee reviewed and approved the Audit Committee Charter and Work Plan. The committee voted to recommend to the board the re-hiring of Summit County IAD to perform the 2022 internal audit. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- June 16, 2022: Rea & Associates presented its audit of the 2021 financial statements, resulting in an unmodified "clean" opinion. No material weaknesses or significant deficiencies were found, and no reportable comments were noted. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.
- December 15, 2022: Trooper Derek Malone was elected Committee Chair and Trooper Cynthia Wilt was elected Vice-Chair. The committee accepted the 2022 internal audit report as presented by Summit County IAD. The committee also approved HPRS Internal Controls manual and the Accounting Policy and Procedures. The committee reviewed and approved all trustees' expense reports for compliance with HPRS policies.

If you have any questions, please contact me.

Sincerely,

Carl Roark
Executive Director
direct dial 614.430.3557
c.roark@ohprs.org

State Highway Patrol Retirement System 2022 Annual Audit Report

(Submitted to ORSC February 21, 2023)

Closed Audits: Recommendations

Audit Area	Risk Rating	Scope	Recommendations	Management's Response	Implemented	Implementation or Target Implementation
Medicare Exchange Administration	Mod	Obtain and review current policies and procedures; meet with appropriate personnel to obtain an understanding of the Medicare transition. IAD reviewed all HRA allocations to ensure that the person receiving the allocation was an HPRS member or surviving spouse. Issues noted: (1) IAD noted that it is not always possible to determine if Medicare-eligible surviving spouses were receiving an HRA allocation from a source outside of HPRS (ie, OPERS); (2) Upon detail testing of member HRA allocations: IAD noted 5 instances where a surviving spouse retroactively received the survivor allocation before the HPRS member's death, totaling \$2,291.75; and 1 instance where an HPRS member received a duplicate allocation, totaling \$1,466.64	Issue 1: IAD recommends that Medicare enrollment documentation include language alerting members that receiving an HRA allocation from an outside source will make a spouse ineligible for the HPRS HRA. Issue 2: IAD recommends that Medicare allocations be reviewed monthly and work with the vendor to correct any discrepancies that are identified	HPRS management immediately implemented both recommendations, and worked with the vendor to correct the discrepancies found during the audit.	Immediate	Immediate
Procurement Card Administration	Mod	HPRS policies and procedures were obtained and reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the procurement card process. A sample of PNC Visa statements was selected and detail testing was performed to verify purchases did not exceed \$1,000, were made for legitimate HPRS expenses, proper supporting documentation existed, and proper approval for purchases was obtained	IAD recommends that HPRS explore activating a credit card rewards program. IAD also recommends increase the \$1,000 purchasing limit in order to maximize the value of the credit reward program. HPRS should then ensure sufficient policies and procedures are created to address the use of the credit card rewards and establish appropriate card approval thresholds.	HPRS management will explore activating the rewards program attached to the current procurement card, and will take the increase of the \$1,000 limit under advisement when reviewing and updating policies for 2023.	N/A	12/31/2023

Closed Audits: No Recommendations

Audit Area	Risk Rating	Scope	Management's Response

Purchasing and Expenditures	Mod	Obtain and review current policies and procedures; meet with appropriate personnel to obtain an understanding of the current processes and procedures; compare those existing processes to the policies and procedures manual for consistency, noting all exceptions; document and test for compliance; investigate discrepancies and summarize results; make recommendations where appropriate. A sample of expenditures over \$5,000 but less than \$25,000 was selected and reviewed to verify if three quotes were obtained. Additionally, a sample of expenditures over \$25,000 was selected and reviewed to confirm competitive bidding. No issues noted	N/A
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Active Audits

Audit Area	Risk Rating	Scope	Target Completion
N/A			

Other Audit Related Activity

Area	Risk Rating	Subject/Project	Description
N/A			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

Moderate (Mod.): Requires near-term attention.

Low: Improvements possible but does not require attention in immediate or near-term.

Composition of Audit Committee at end of reporting year (R.C. 5505.111)

Tpr. Derek Malone, Representative for Active Members, Chair

Tpr. Cynthia Wilt, Representative for Active Members, Vice-Chair

Sgt. Brice Nihiser, Representative for Active Members

Sgt (ret.) Michael Kasler, Representative for Retirees

Col. Charles Jones, Statutory Representative